

# The Era Of Big Business

## ➤ Three types of businesses:

- **Proprietorship** - owned by one person
- **Partnership** - owned by a small group of people
- **Corporation** - a state government gives a group of people the right to sell shares of stock to raise capital
  - **Stockholders** are the true owners
  - Share holders receive **dividends** - a portion of the profits

## ➤ Three advantages of a corporation:

1. **Economies of scale** - lower costs with increased production
  - The more units of a product a company makes, the less it costs to make each unit
2. **Limited liability** - stockholders can only lose as much money as they invest
3. **Increased stability** - not affected by death or resignation of owner

## ➤ **Monopoly**: a single company that controls an industry